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LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

Audited Financial Statements
As of and For the Year Ended June 30, 2012

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
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Audited Financial Statements
As of and For the Year Ended June 30, 2012

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BOBBY JINDAL
GOVERNOR

State of Louisiana
LOUISIANA REAL ESTATE COMMISSION

MEMORANDUM

TO: Office of the Legislative Auditor

FROM: Jenny Yu, Fiscal Officer JY
LA Real Estate Commission

DATE: 8/24/2012

RE: Required Financial Report Submission

Please find attached the audited financial statements for the LA Real Estate Commission for the fiscal year ending 6/30/2012

If you have any questions, please call me at (225) 925-1923, Ext -230.

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INDEPENDENT AUDITOR'S REPORT

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Louisiana Real Estate Commission Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Real Estate Commission as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2012, on our consideration of the Louisiana Real Estate Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the Louisiana Real Estate Commission's basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Louisiana Real Estate Commission. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 24, 2012

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Statement of Net Assets
June 30, 2012

Assets	
Current assets	
Cash (note 2)	$ 1,558,513
Investments (note 3)	189,000
Due from Louisiana Real Estate Appraisers Board	68,384
Total current assets	1,815,897
Non-current assets	
Capital assets, net of depreciation (note 4)	3,178,646
Total assets	4,994,543
Liabilities	
Current liabilities	
Accounts payable (note 8)	145,770
Deposits held for others	75,589
Current portions of long-term liabilities	
Accrued compensated absences (note 9)	42,397
Note payable (note 10)	44,826
Total current liabilities	308,582
Non-current liabilities	
Accrued compensated absences (note 9)	13,727
OPEB payable (note 6)	1,031,300
Note payable (note 10)	900,483
Total non-current liabilities	1,945,510
Total liabilities	2,254,092
Net assets	
Invested in capital assets, net of related debt	2,233,337
Restricted net assets	400,000
Unrestricted net assets	107,114
Total net assets	$ 2,740,451

See accompanying notes to the financial statements.

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2012

Operating revenues	
Licenses, permits, and fees	$ 2,103,442
Operating expenses	
Personal services	1,379,820
Travel	41,189
Operating services	169,204
Supplies	25,705
Professional services	95,260
Other charges	47,452
Capital outlay	4,941
Depreciation	98,584
Total operating expenses	1,862,155
Operating income	241,287
Non-operating revenues/expense	
Use of money and property	2,500
Other revenues	2,524,529
Other expenses	(2,483,516)
Interest expense	(74,559)
Total non-operating revenues/expenses	(31,046)
Change in net assets	210,241
Net assets, beginning of year	2,530,210
Net assets, end of year	$ 2,740,451

See accompanying notes to the financial statements.

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Statement of Cash Flows
Year Ended June 30, 2012

Cash flows from operating activities	
Cash received from customers	$ 2,037,339
Cash paid to suppliers for goods and services	(331,126)
Cash paid to employees for services	(1,375,366)
Net cash provided by operating activities	330,847
Cash flows from non-capital financing activities	
Other non-operating revenue	2,524,529
Other non-operating expenses	(2,483,516)
Net cash provided by non-capital financing activities	41,013
Cash flows from capital and related financing activities	
Principal paid on note payable	(225,300)
Interest paid on note payable	(74,559)
Net cash (used) by capital and related financing activities	(299,859)
Cash flows from investing activities	
Proceeds from redemption of investments	375,000
Interest received	2,464
Net cash provided by investing activities	377,464
Net increase in cash	449,465
Cash, beginning of year	1,109,048
Cash, end of year	$ 1,558,513

See accompanying notes to the financial statements

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Statement of Cash Flows
Year Ended June 30, 2012

Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 241,287
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	98,584
(Increase) in due from other funds	(66,103)
Increase in accounts payable	52,625
(Decrease) in accrued payroll and related benefits	(53,937)
(Decrease) in accrued compensated absences	(2,809)
Increase in OPEB payable	61,200
Net cash provided by operating activities	$ 330,847

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review
Subsequent events were evaluated through August 24, 2012, which is the date the financial statements were available to be issued.

Nature of Activities
The Louisiana Real Estate Commission is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute 37:1430 - 1470, within the Office of the Governor, and is domiciled in East Baton Rouge Parish The commission consists of eleven members appointed by the governor. The members may receive a per diem not to exceed $50 per meeting or day spent on business of the commission, plus travel expenses. The commission is charged with the responsibility of regulating the issuance of real estate licenses and timesharing registrations. Operations of the commission are funded through self-generated revenues.

Basis of Presentation
The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and financial reporting standards.

Reporting Entity
GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The commission is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commission members and public service is rendered within the state's boundaries. The accompanying financial statements present only transactions of the Louisiana Real Estate Commission. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting
All activities of the commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting
The accounting and financial reporting treatment applied to the commission is determined by its measurement focus. The transactions of the commission are accounted for on a flow of economic resources measurement focus. With this

measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets are segregated into invested in capital assets, restricted net assets, and unrestricted net assets.

Budget Practices
Annually, the commission adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30, 2012, was adopted on November 18, 2010 and is prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the commission retains its unexpended net assets to fund expenditures of the succeeding year.

Cash and Investments
Cash includes petty cash, demand deposits and certificates of deposit. Under state law, the commission may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the commission may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the commission may invest in United States Treasury obligations, United States government agency obligations, and direct security repurchase agreements, or in eligible mutual funds that invest in these securities Investments are stated at fair value.

Capital Assets
Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment includes all items valued over $5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

	Years
Automobiles	5
Data processing equipment	5
Furniture and equipment	10
Buildings	40

Compensated Absences
Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Codification Section C60, and are recognized as an expense and liability in the financial statements when incurred.

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

Net Assets
Net assets comprise the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

Invested in capital assets – Consists of all capital assets, net of accumulated depreciation.

Restricted net assets – Consists of external constraints placed on net assets use imposed by law through enabling legislation. The Louisiana Real Estate Recovery Fund has $400,000 of net assets restricted by Louisiana Revised Statute 37:1461.

Unrestricted net assets – Consists of all other net assets that are not included in the other categories previously mentioned.

NOTE 2 – CASH

At June 30, 2012, the commission has cash (book balances) totaling $1,558,513.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2012, the commission has $1,580,210 in deposits (collected bank balances) that were 100 percent insured or collateralized with securities held by the commission or its agent in the commission's name.

NOTE 3 – INVESTMENTS

The commission has investments totaling $189,000 at June 30, 2012 which was invested in certificates of deposits. These investments are stated at fair value as required by GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*.

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows.

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not depreciated				
Land	$ 198,460	$ -	$ -	$ 198,460
Total capital assets not depreciated	$ 198,460	$ -	$ -	$ 198,460
Other capital assets				
Furniture & Equipment	$ 125,093	$ -	$ -	$ 125,093
Less accumulated depreciation	(106,689)	(15,972)	-	(122,661)
Building	3,304,484	-	-	3,304,484
Less accumulated depreciation	(244,118)	(82,612)	-	(326,730)
Total other capital assets	$ 3,078,770	$ (98,584)	$ -	$2,980,186
Capital Asset Summary:				
Capital assets not depreciated	$ 198,460	$ -	$ -	$ 198,460
Other capital assets	3,429,577	-	-	3,429,577
Less accumulated depreciation	(350,807)	(98,584)	-	(449,391)
Capital Assets, net	$ 3,277,230	$ (98,584)	$ -	$ 3,178,646

NOTE 5 – RETIREMENT SYSTEM

Substantially all employees of the commission belong to the Louisiana State Employees Retirement System, a single employer defined benefit pension plan. The System is a statewide public employee retirement system and is available to all eligible employees. The System publishes annual financial reports that include detailed historical, financial, and actuarial information.

All full time commission employees are eligible to participate in the System. Benefits vest with 10 years of service. Generally, at retirement age, employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service, except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to participate before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of services, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of ten years of service.

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual *publicly available financial* report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members hired before July 1, 2006 are required by state statute to contribute 7 5% of gross salary, while members hired after June 30, 2006 contribute 8% of gross salary. The commission is required to contribute at an actuarially determined rate as required by Revised Statute 11:102. The commission's contribution rate for fiscal years ended June 30, 2012, 2011, and 2010 were 25.6%, 22%, and 18.6%, respectively, of annual covered payroll. The commission's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were $238,907, $215,247, and $176,258, respectively, which are the required contributions for each year.

NOTE 6 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description

The Commission provides certain continuing health care and life insurance benefits for its eligible retired employees and their beneficiaries through participation in the State of Louisiana's health insurance plan administered by the Office of Group Benefits (OGB), an *agent multiple-employer defined benefit plan*. Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. The OGB does not issue a stand-alone report; however, OGB is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR) which may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, by writing to P O. Box 94095, Baton Rouge, Louisiana 70804-9095, or by calling (225) 342-0708.

Funding Policy

Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002 pay a percentage of the contribution rate based on years of service. The contribution rate ranges from 25% to 81%. Other post-employment benefits (OPEB) administered through the OGB are financed on a pay-as-you-go basis.

Annual OPEB Cost

For the 2011/12 fiscal year, the Commission's annual OPEB cost (expense) of $178,800 was equal to the annual required contribution (ARC). The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011/12 fiscal year are:

Fiscal Year	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	$ 178,800	65 8%	$1,031,300
6/30/11	$ 231,400	29.7%	$ 970,100
6/30/10	$ 266,000	25.4%	$ 807,500

Funded Status and Funding Progress. The funded status of the plan as of July 1, 2011 is as follows:

Actuarial accrued liability (AAL)	$2,390,500
Actuarial value of plan assets	None
Unfunded actuarial accrued liability (UAAL)	$2,390,500
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$929,431
UAAL as a percentage of covered payroll	257%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of expenses) and an annual healthcare cost trend rate of 7.5% (pre-medicare) and 9.1% (medicare eligible) initially, reduced by decrements to an ultimate rate of 5.0% (pre-medicare and medicare eligible) and after fifteen years. The unfunded actuarial liability is shown using both a level dollar amount and a level percent of pay over an amortization period of thirty years in developing the annual required contribution.

NOTE 7 – LEASE AND RENTAL COMMITMENTS

Lease and rental expenses for the year ended June 30, 2012 totaled $19,342. The Commission has no capital leases.

NOTE 8 – PAYABLES

At June 30, 2012, the Commission had payables totaling $145,770 as follows:

Accounts payable	$ 119,706
Accrued wages payable	22,492
Refunds payable	3,572
Total payables	$ 145,770

NOTE 9 – COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2012:

	July 1, 2011	Deductions	June 30, 2012
Compensated Absences	$ 58,933	$ 2,809	$ 56,124

The deductions to compensated absences during the 2011-12 fiscal year represent the net change during the year because the additions and deductions could not readily be determined.

NOTE 10 – NOTE PAYABLE

The Louisiana Real Estate Commission has received approval from the Louisiana Bond Commission to borrow the proceeds of revenue bonds to construct new office space for the commission located at 9071 Interline Avenue, Baton Rouge, Louisiana. The bond proceeds will be used to pay off the interim construction loan on the building. On August 16, 2010, the loan was refinanced with Iberia Bank (formerly Omni Bank). As part of the refinancing, the loan was paid down by $446,538 to $1,200,000. On May 22, 2012, the loan was once again refinanced with Iberia Bank. As part of the refinancing, the loan was paid down by $194,627 to $950,000. The current loan has an interest rate of 4.85% with payments based on a 15 year amortization. It is anticipated that this note will be paid off before maturity by the issuance of the aforementioned bonds, which will have terms similar to the note. Security for the loan with Iberia Bank includes a pledge of Commission revenues, deposits with Iberia Bank, and a mortgage on the Commission's land and building

The following is a schedule of payments for the note payable:

Fiscal year ending	Principal	Interest
2013	$ 44,826	$ 44,860
2014	47,049	42,637
2015	49,382	40,303
2016	51,831	37,854
2017	54,402	35,284
2018 - 2022	315,255	133,173
2023 - 2027	382,564	46,917
Total	$ 945,309	$ 381,028

NOTE 11 – LITIGATION

The Louisiana Real Estate Commission intervenes in lawsuits filed against a licensee for the purpose of protecting the commission's exposure under the Louisiana Real Estate Recovery Fund. At June 30, 2012, the total exposure to the Recovery Fund is estimated to be $20,000. Of this amount, it is reasonably possible that $0 will result in payments to claimants.

NOTE 12 – OTHER REVENUES

Other revenues consist of $2,483,715 of fees collected from licensees and disbursed as premiums for errors and omissions insurance and $40,814 of miscellaneous revenue.

Other Report Required By
Government Auditing Standards

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

Roy Chenevert

CERTIFIED PUBLIC ACCOUNTANT

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REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

We have audited the basic financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated August 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Real Estate Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion The results of our tests disclosed an instance of non-compliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-1.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Louisiana Real Estate Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Real Estate Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Real Estate Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses

This report is intended solely for the information and use of the commission and its management and is not intended to be, and should not be, used by anyone other than these specified parties.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 24, 2012

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Schedule of Findings
For the Year Ended June 30, 2012

Type of auditor's report issued: Unqualified.

Internal control over financial reporting: No findings were identified.

Compliance: Non-compliance identified.

2012-1: Non-compliance with State Property Inventory Regulations

The Louisiana Property Assistance Agency (LPAA) regulations requires the notification of all acquisitions of qualified property within 60 calendar days after receipt of the property to the LPAA. The Louisiana Real Estate Commission took receipt of two pieces of qualified property on August 11, 2011; however, notification to the LPAA was not provided until March 13, 2012. This condition occurred because of the retirement of the Commission's designated property manager in September 2011

The Louisiana Real Estate Commission should develop and implement policies and procedures to ensure the timely notification of the LPAA of all acquisitions of qualified property.

State of Louisiana
LOUISIANA REAL ESTATE COMMISSION

BOBBY JINDAL
GOVERNOR

August 24, 2012

Roy Chenevert, CPA
14635 S. Harrells Ferry Road, Suite 2B
Baton Rouge, La. 70816

Re: 2012-1: Non-compliance with State Property Regulations, June 30, 2012 audit.

Dear Mr. Chenevert.

In conjunction with technology upgrades to better serve our stakeholders, two (2) SQL servers were purchased on August 11, 2011. The State Property Inventory Regulations required these transactions to be reported to the LPAA within sixty (60) days of receipt. Due to department head transitions in both Accounting and Information Technology within our organization, this reporting omission was not discovered until March 13, 2012, at which time the proper reporting was completed

Internal organizational and control procedures were then implemented to enhance accountability in internal inventory control and mandated reporting. The head of technology is now responsible for planning, inspection, and maintenance of all covered inventory. Financial control and mandated reporting duties have been assigned to our accounting division.

Thank you for the thorough and professional audit conducted.

Sincerely,

Bruce Unangst

Bruce Unangst
Executive Director
Louisiana Real Estate commission

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LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2011

There were no prior audit findings.

SUPPLEMENTAL INFORMATION SCHEDULES

PER DIEM PAID COMMISSION MEMBERS

The schedule of per diem paid to commission members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37.1433. Commission members are paid $50 per day for commission meetings and official business.

SCHEDULE OF FUNDING PROGRESS FOR THE OTHER POSTEMPLOYMENT BENEFIT PLAN

Information about the other post-employment benefit plan (OPEB) funding progress was prepared in compliance with GASB 45.

DIVISION OF ADMINISTRATION – OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY – REPORTING PACKAGE

The reporting package of the Division of Administration – Office of Statewide Reporting and Accounting Policy (OSRAP) was completed in order to provide information to OSRAP to be used in the preparation of the State of Louisiana's Comprehensive Annual Financial Report (CAFR).

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Schedule of Per Diem Paid Commission Members
For the Year Ended June 30, 2012

	Amount
Michael D. Bono	$ 1,100
Paul R. Burns	500
Pat Caffery	650
Archie Carraway	900
Timothy J. Flavin	800
James D Gosslee	800
Rodney V. Noles	50
Sterling J. Ory	450
Linda N. Smith	150
Judy Songy	350
Cynthia Stafford	850
Frank A. Trapani	300
Total	$ 6,900

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Schedule of Funding Progress
For the Year Ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
7/1/11	NONE	$2,390,500	$2,390,500	0%	$ 929,431	257%
7/1/10	NONE	$3,070,700	$3,070,700	0%	$1,166,449	263%
7/1/09	NONE	$3,496,000	$3,496,000	0%	$1,197,667	292%
7/1/08	NONE	$4,220,000	$4,220,000	0%	$1,369,484	308%

LOUISIANA REAL ESTATE COMMISSION
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2012

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Schedules

See the Appendix Packet on our Website (OSRAP Memo 13-01)

Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2012

LOUISIANA REAL ESTATE COMMISSION
Post Office Box 14785
Baton Rouge, Louisiana 70898-4785

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P O Box 94095
Baton Rouge, Louisiana 70804-9095

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Legislative Auditor
P O Box 94397
Baton Rouge, Louisiana 70804-9397

LLAFileroom@lla.la.gov

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Jenny Yu, Chief Financial Officer of the Louisiana Real Estate Commission who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Real Estate Commission at June 30, 2012 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board Sworn and subscribed before me, this 24th day of August, 2012

Jey
Signature of Agency Official

Yashica K Phelps NH82465
NOTARY PUBLIC LABRN29650

Prepared by: Jenny Yu

Title: Chief Financial Officer

Telephone No: (225) 925-1923

Date August 24, 2012

Email Address: JYu@lrec.state.la.us

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2012

Management's Discussion and Analysis is not required to be completed by the Louisiana Real Estate Commission per instructions of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

FINANCIAL HIGHLIGHTS

OVERVIEW OF THE FINANCIAL STATEMENTS

FINANCIAL ANALYSIS OF THE ENTITY

CAPITAL ASSET AND DEBT ADMINISTRATION

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

CONTACTING THE LOUISIANA REAL ESTATE COMMISSION'S (BTA) MANAGEMENT

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
BALANCE SHEET
AS OF JUNE 30, 2012

Statement A

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	1,558,513
Restricted Cash and Cash Equivalents		
Investments		189,000
Derivative instrument		
Deferred outflow of resources		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		68,384
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		1,815,897
NONCURRENT ASSETS		
Restricted assets (Note F)		
Cash		
Investments		
Receivables		
Investments		
Notes receivable		
Capital assets, net of depreciation (Note D)		
Land and non-depreciable easements		198,460
Buildings and improvements		2,977,754
Machinery and equipment		2,432
Infrastructure		
Intangible assets		
Construction/Development-in-progress		
Other noncurrent assets		
Total noncurrent assets		3,178,646
Total assets	$	4,994,543
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	145,770
Derivative instrument		
Deferred inflow of resources		
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		75,589
Other current liabilities		
Current portion of long-term liabilities (Note K)		
Contracts payable		
Compensated absences payable		42,397
Capital lease obligations		
Claims and litigation payable		
Notes payable		44,826
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
Other long-term liabilities		
Total current liabilities		308,582
NONCURRENT LIABILITIES (Note K)		
Contracts payable		
Compensated absences payable		13,727
Capital lease obligations		
Claims and litigation payable		
Notes payable		900,483
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
OPEB payable		1,031,300
Other long-term liabilities		
Total noncurrent liabilities		1,945,510
Total liabilities		2,254,092
NET ASSETS		
Invested in capital assets, net of related debt		2,233,337
Restricted for:		
Capital projects		
Debt Service		
Unemployment compensation		
Other specific purposes		400,000
Unrestricted		107,114
Total net assets		2,740,451
Total liabilities and net assets	$	4,994,543

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA **Statement B**
LOUISIANA REAL ESTATE COMMISSION (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUE	
Sales of commodities and services	$
Assessments	
Use of money and property	
Licenses, permits, and fees	2,103,442
Other	
Total operating revenues	2,103,442
OPERATING EXPENSES	
Cost of sales and services	
Administrative	1,763,571
Depreciation	98,584
Amortization	
Total operating expenses	1,862,155
Operating income(loss)	241,287
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	2,500
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	(74,559)
Other revenue	2,524,529
Other expense	(2,483,516)
Total non-operating revenues(expenses)	(31,046)
Income(loss) before contributions, extraordinary items, & transfers	210,241
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	210,241
Total net assets – beginning	2,530,210
Total net assets – ending	$ 2,740,451

The accompanying notes are an integral part of this financial statement

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Statement C

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Entity	$ 1,936,714	$ 2,103,442	$	$	$ 166,728
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					2,500
Miscellaneous					41,013
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					43,513
Change in net assets					210,241
Net assets - beginning as restated					2,530,210
Net assets - ending					$ 2,740,451

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

Statement D
(continued)

Cash flows from operating activities		
Cash receipts from customers	$ 2,037,339	
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services	(331,126)	
Cash payments to employees for services	(1,375,366)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any		
Net cash provided(used) by operating activities		330,847
Cash flows from non-capital financing activities		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	41,013	
Net cash provided(used) by non-capital financing activities		41,013
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable	(225,300)	
Interest paid on notes payable	(74,559)	
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(299,859)
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities	375,000	
Interest and dividends earned on investment securities	2,464	
Net cash provided(used) by investing activities		377,464
Net increase(decrease) in cash and cash equivalents		449,465
Cash and cash equivalents at beginning of year		1,109,048
Cash and cash equivalents at end of year		$ 1,558,513

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

Statement D
(concluded)

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		$ 241,287
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	98,584	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		
(Increase)decrease in due from other funds	(66,103)	
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(1,312)	
Increase(decrease) in compensated absences payable	(2,809)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable	61,200	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ 330,847

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	$
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	$ -

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2012

INTRODUCTION

The Louisiana Real Estate Commission (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1430 - 1470. The following is a brief description of the operations of Commission (BTA) and includes the parish/parishes in which the (BTA) is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Real Estate Commission (BTA) present information only as to the transactions of the programs of the Commission (BTA) as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Real Estate Commission (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition
Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition
Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Real Estate Commission (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	APPROPRIATIONS
Original approved budget	$ 5,120,171
Amendments:	(357,208)
Final approved budget	$ 4,762,963

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Real Estate Commission (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

The deposits at June 30, 2012, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	$ 1,558,513	$	$	$ 1,558,513
Deposits in bank accounts per bank	$ 1,580,210	$	$	$ 1,580,210
Bank balances exposed to custodial credit risk:	$	$	$	$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name				

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

Banking Institution	Program	Amount
1 Iberia Bank		$ 1,459,119
2. JP Morgan Chase		121,091
3		
4		
Total		$ 1,580,210

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	$ None
Petty cash	$ 300

2. INVESTMENTS

The Louisiana Real Estate Commission (BTA) does maintain investment accounts as authorized by Louisiana Revised Statute 49:327(C).

	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
Type of Investment	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount Per Balance Sheet	Fair Value
Negotiable CDs	$	$	$ 189,000	$ 189,000
Repurchase agreements				
U.S. Government Obligations **				
U.S Agency Obligations***				
Common & preferred stock				
Mortgages (including CMOs & MBSs)				
Corporate bonds				
Mutual funds				
Real estate				
External Investment Pool (LAMP) ****				
External Investment Pool (Other)				
Other (identify)				
Total investments	$ -	$ -	$ 189,000	$ 189,000

* Unregistered - not registered in the name of the government or entity

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix A, Memo 13-01 for the definition of US Government Obligations)

*** These obligations may not be exposed to custodial credit risk (See Appendix A, Memo 13-01 for discussion of FNMA & FHLMC)

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

A. Credit Risk of Debt Investments – NOT APPLICABLE

B. Interest Rate Risk of Debt Investments – NOT APPLICABLE

C. Concentration of Credit Risk - NOT APPLICABLE

D. Foreign Currency Risk – NOT APPLICABLE

4. DERIVATIVES (GASB 53) – NOT APPLICABLE

A. Summary of Derivative Instruments – NOT APPLICABLE

B. Investment Derivative Instruments – NOT APPLICABLE

C. Hedging Derivative Instruments – NOT APPLICABLE

D. Contingent Features – NOT APPLICABLE

E. Hybrid Instruments – NOT APPLICABLE

F. Synthetic Guaranteed Investment Contracts (SGICs) – NOT APPLICABLE

5. POLICIES – NOT APPLICABLE

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2012

Schedule of Capital Assets (includes capital leases)

Agency	Balance 6/30/2011	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	* Reclassification of CIP	** Retirements	Balance 6/30/2012
Capital assets not depreciated:							
Land	$ 198,460	$	$ 198,460	$ -	$	$ -	$ 198,460
Non-depreciable land improvements			-				-
Non-depreciable easements			-				-
Capitalized collections			-				-
Software - development in progress			-				-
Construction in progress			-				-
Total capital assets not depreciated	$ 198,460	$ -	$ 198,460	$ -	$ -	$ -	$ 198,460
Other capital assets:							
Depreciable land improvements	$	$	$ -	$	$	$	$ -
** Accumulated depreciation			-				-
Total land improvements	-	-	-	-	-	-	-
Buildings	3,304,484		3,304,484	-	-	-	3,304,484
** Accumulated depreciation	(244,118)		(244,118)	(82,612)	-	-	(326,730)
Total buildings	3,060,366	-	3,060,366	(82,612)	-	-	2,977,754
Machinery & equipment	125,093		125,093	-	-	-	125,093
** Accumulated depreciation	(106,689)		(106,689)	(15,972)	-	-	(122,661)
Total machinery & equipment	18,404	-	18,404	(15,972)	-	-	2,432
Infrastructure			-				-
** Accumulated depreciation			-				-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)			-				-
Other intangibles			-				-
** Accumulated amortization - software			-				-
** Accumulated amortization - other intangibles			-				-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	$ 3,078,770	$ -	$ 3,078,770	$ (98,584)	$ -	$ -	$ 2,980,186
Capital asset summary:							
Capital assets not depreciated	$ 198,460	$ -	$ 198,460	$ -	$ -	$ -	$ 198,460
Other capital assets, book value	3,429,577	-	3,429,577	-	-	-	3,429,577
Total cost of capital assets	3,628,037	-	3,628,037	-	-	-	3,628,037
Accumulated depreciation/amortization	(350,807)	-	(350,807)	(98,584)	-	-	(449,391)
Capital assets, net	$ 3,277,230	$ -	$ 3,277,230	$ (98,584)	$ -	$ -	$ 3,178,646

* Should only be used for those completed projects coming out of construction-in-progress to capital assets.
** Enter a negative number except for accumulated depreciation in the retirement column

E. INVENTORIES – NOT APPLICABLE

F. RESTRICTED ASSETS – NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Real Estate Commission (BTA) has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2012 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $2,119. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2011 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:
http://www.lasersonline.org/uploads/2011_CAFR_web_version.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2012, increased to 25.6% of annual covered payroll from the 22% and 18.6% required in fiscal years ended June 30, 2011 and 2010 respectively. The (BTA) contributions to the System for the years ending June 30, 2012, 2011, and 2010, were $238,907, $215,247, and $176,258, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

1. Calculation of Net OPEB Obligation

Annual OPEB expense and net OPEB Obligation

Fiscal year ending	6/30/2012
1. * ARC	$177.1
2. * Interest on NOO	$38.8
3. * ARC adjustment	$37.1
4. * Annual OPEB Expense (1. + 2. - 3.)	$178.8
5. Contributions (employer pmts. to OGB for retirees' cost of 2012 insurance premiums)	$117.6
6. Increase in Net OPEB Obligation (4. - 5.)	$61.2
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)	970.1
8. **NOO, end of year (6. + 7.)	$1,031.3

*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2011, to be used for fiscal year ending June 30, 2012."

**This should be the same amount as that shown on the Balance Sheet for the year ended June 30, 2012 if your entity's only OPEB is administered by OGB.

2. Note Disclosures

Plan Description

The Commission provides certain continuing health care and life insurance benefits for its eligible retired employees and their beneficiaries through participation in the State of Louisiana's health insurance plan administered by the Office of Group Benefits (OGB), an agent multiple-employer defined benefit plan. Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. The OGB does not issue a stand-alone report; however, OGB is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR) which may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, by writing to P.O. Box 94095, Baton Rouge, Louisiana 70804-9095, or by calling (225) 342-0708.

Funding Policy

Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002 pay a percentage of the contribution rate based on years of service. The contribution rate ranges from 25% to 81%. Other post-employment benefits (OPEB) administered through the OGB are financed on a pay-as-you-go basis.

Annual OPEB Cost

For the 2011/12 fiscal year, the Commission's annual OPEB cost (expense) of $178,800 was equal to the annual required contribution (ARC). The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011/12 fiscal year are:

Fiscal Year	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	$ 178,800	65.8%	$1,031,300
6/30/11	$ 231,400	29.7%	$ 970,100
6/30/10	$ 266,000	25.4%	$ 807,500

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2011 is as follows:

Actuarial accrued liability (AAL)	$2,390,500
Actuarial value of plan assets	None
Unfunded actuarial accrued liability (UAAL)	$2,390,500
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$929,431
UAAL as a percentage of covered payroll	257%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of expenses) and an annual healthcare cost trend rate of 7.5% (pre-medicare) and 9.1% (medicare eligible) initially, reduced by decrements to an ultimate rate of 5.0% (pre-medicare and medicare eligible) and after fifteen years. The unfunded actuarial liability is shown using both a level dollar amount and a level percent of pay over an amortization period of thirty years in developing the annual required contribution.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2011-12 amounted to $19,342. A schedule of payments for operating leases follows:

Nature of lease	FY 2013	FY2014	FY2015	FY2016	FY2017	FY2018-2022	FY 2023-2027
Office Space	$	$	$	$	$	$	$
Equipment							
Land							
Other							
Total	$ NONE	$ -	$ -	$ -	$ -	$ -	$ -

2. CAPITAL LEASES – NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2012:

	Year ended June 30, 2012				
	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
Notes and bonds payable:					
Notes payable	$ 1,170,609	$ -	$ 225,300	$ 945,309	$ 44,826
Bonds payable				-	
Total notes and bonds	1,170,609	-	225,300	945,309	44,826
Other liabilities:					
Contracts payable				-	
Compensated absences payable	58,933	-	2,809	56,124	42,397
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	970,100	61,200		1,031,300	-
Other long-term liabilities				-	
Total other liabilities	1,029,033	61,200	2,809	1,087,424	42,397
Total long-term liabilities	$ 2,199,642	$ 61,200	$ 228,109	$ 2,032,733	$ 87,223

L. CONTINGENT LIABILITIES – NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

Q. REVENUES – PLEDGED OR SOLD (GASB 48)

1. PLEDGED REVENUES

The Louisiana Real Estate Commission has received approval from the Louisiana Bond Commission to borrow the proceeds of revenue bonds to construct new office space for the commission located at 9071 Interline Avenue, Baton Rouge, Louisiana. The bond proceeds will be used to pay off the interim construction loan on the building. On August 16, 2010, the loan was refinanced with Iberia Bank (formerly Omni Bank). As part of the refinancing, the loan was paid down by $446,538 to $1,200,000. On May 22, 2012, the loan was once again refinanced with Iberia Bank. As part of the refinancing, the loan was paid down by $194,627 to $950,000. The current loan has an interest rate of 4.85% with payments based on a 15 year amortization. It is anticipated that this note will be paid off before maturity by the issuance of the aforementioned bonds, which will have terms similar to the note.

Security for the loan with Iberia Bank includes a pledge of Commission revenues, deposits with Iberia Bank, and a mortgage on the Commission's land and building.

2. FUTURE REVENUES REPORTED AS A SALE – NOT APPLICABLE

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE

T. SHORT-TERM DEBT – NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES – NOT APPLICABLE

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2012, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	$ 119,706	$ 22,492	$	$ 3,572	$ 145,770
					-
Total payables	$ 119,706	$ 22,492	$ -	$ 3,572	$ 145,770

W. SUBSEQUENT EVENTS – NOT APPLICABLE

X. SEGMENT INFORMATION – NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS

1. List by fund type the amounts due from other funds detailed by individual fund at fiscal year end:

(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

Type of Fund	Name of Fund	Amount
LA Real Estate Appraisers Board		$ 68,384
Total due from other funds		$ 68,384

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

Type of Fund	Name of Fund	Amount
		$
Total due to other funds		$ NONE

3. List by fund type **all transfers from other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
		$
Total transfers from other funds		$ NONE

4. List by fund type **all transfers to other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
		$
Total transfers to other funds		$ NONE

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46)

Of the total net assets reported on Statement A at June 30, 2012, $400,000 is restricted by enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation.

Purpose of Restriction	LA Revised Statute Authorizing Revenue	Amount
LA Real Estate Recovery Fund	LSA-R.S. 37:1461	$ 400,000
Total		$ 400,000

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS

The agency recognizes the cost of providing termination benefits as expenditures when paid during the year. For FY 2012, there were no termination benefits provided.

The liability for the accrued terminations benefits payable at June 30, 2012 is $0.

EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE

GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES – NOT APPLICABLE

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2012

Name	Amount
Michael D. Bono	$ 1,100
Paul R. Burns	500
Pat Caffery	650
Archie Carraway	900
Timothy J. Flavin	800
James D. Gosslee	800
Rodney V. Noles	50
Sterling J. Ory	450
Linda N. Smith	150
Judy Songy	350
Cynthia Stafford	850
Frank A. Trapani	300
Total	$ 6,900

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2012

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/11	Redeemed (Issued)	Principal Outstanding 6/30/12	Interest Rates	Interest Outstanding 6/30/12
	8/16/10	$1,200,000	$1,170,609	$1,170,609	$ -	6.0%	$ -
	5/22/12	$950,000	NONE	$ (945,309)	$ 945,309	4.85%	$ -
Total		$2,150,000	$1,170,609	$225,300	$945,309		$

*Send copies of new amortization schedules

SCHEDULE 3-A

STATE OF LOUISIANA

_________________________ (BTA)

SCHEDULE OF BONDS PAYABLE

____________, 20__

(Fiscal close)

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
Series:							
______	______	$______	$______	$______	$______	______	$______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
Unamortized Discounts and Premiums Series:							
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
Total		$______	$______	$______	$______		$______

***Note: Principal outstanding (bond series minus unamortized costs) at 6/30/12 should agree to bonds payable on the Statement of Net Assets.**

Send copies of new amortization schedules for bonds and unamortized costs.

STATE OF LOUISIANA

_________________________ (BTA)

SCHEDULE OF CAPITAL LEASE AMORTIZATION

For The Year Ended June 30, 20__

NOT APPLICABLE

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2013	$	$	$	$ --
2014				--
2015				--
2016				--
2017				--
2018-2022				--
2023-2027				--
2028-2032				--
2033-2037				--
Total	$ --	$ --	$ --	$ --

SCHEDULE 4-A

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2012

Fiscal Year Ending:	Principal	Interest
2013	$ 44,826.00	44,860.00
2014	47,049.00	42,637.00
2015	49,382.00	40,303.00
2016	51,831.00	37,854.00
2017	54,402.00	35,284.00
2018-2022	315,255.00	133,173.00
2023-2027	382,564.00	46,917.00
2028-2032		
2033-2037		
Total	$ 945,309.00	$ 381,028.00

SCHEDULE 4-B

STATE OF LOUISIANA

_______________________ (BTA)

SCHEDULE OF BONDS PAYABLE AMORTIZATION

For The Year Ended June 30, 20__

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2013	$	$
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
Subtotal	--	--
Unamortized Discounts/Premiums		
Total	$ --	$ --

***Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/12 should agree to bonds payable on the Statement of Net Assets.**

SCHEDULE 4-C

STATE OF LOUISIANA

LOUISIANA REAL ESTATE COMMISSION (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **$3 million**, explain the reason for the change.

	2012	2011	Difference	Percentage Change
1) Revenues	$ 4,630,471	$ 4,348,490	$ 281,981	$ 6.5%
Expenses	4,420,230	4,800,245	(380,015)	(7.9%)
2) Capital assets	3,178,646	3,277,230	(98,584)	(3.0%)
Long-term debt	945,309	1,170,609	(225,300)	(19.2%)
Net Assets	2,740,451	2,530,210	210,241	8.3%

Explanation for change:

SCHEDULE 16 – COOPERATIVE ENDEAVORS
FOR THE YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

AGENCY NUMBER________
AGENCY NAME____________________

Contract Financial Management System#	Parties to the Coop	Brief Description of the Coop	Multi-year, One-Time, or Other Appropriation	Original Amount of Coop, Plus Amendments, if any	Date of Original Coop was Effective	End Date of Coop, as Amended, if Applicable	Funding Source per Coop Agreement based on Net Liability for the year ended June 30, 2012							Paid - Inception to Date for the year ended 6/30/2012	Net Liability for the year ended 6/30/2012
							100% State	100% SGR	100% Stat. Ded	100% G O Bonds	100% Federal	100% IAT	100% Combination		
															0.00
															0.00
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		TOTAL		0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00